The City of Rye, New York
Department of Finance

# 2004
# Annual Report to the City Manager

Prepared January 21, 2005
Michael A. Genito, City Comptroller

The finance department is pleased to submit its 2004 annual report to the city manager:

## <u>Programs and Functional Units</u>

Following is a brief description of the programs and functional units (sometimes known as "cost centers") of the finance department. All provide support services to internal and external customers of the finance department and the city:

<u>Finance Administration</u>

Finance Administration provides coordination and supervision of all finance department activities, and determines the priorities and scheduling of finance activities in coordination with the city manager's office.

<u>General Accounting</u>

General Accounting coordinates the flow of financial information from subsidiary systems to the general ledgers, and provides various financial reports and analyses as required or desired by law, charter, or management.

<u>Accounts Payable</u>

Accounts Payable audits all purchase requisitions, purchase orders, and claims for payment or reimbursement submitted by vendors and city personnel, and issues vendor checks against the claims approved by management.

<u>Treasury</u>

Treasury provides cash management and investment services for all city funds, property tax billing and collection, accounts receivable, cash receipts, and miscellaneous billings.

<u>Traffic Violations Bureau</u>

The Traffic Violations Bureau provides the accounting for parking violations, including the entry of violations, dispositions, and collections into the city's financial system, and the distribution of various parking violation reports.

<u>Payroll</u>

Payroll audits payroll information submitted by departments, processes and distributes payroll checks and deposits, inputs payroll summary data into the city's financial system, and provides financial information and reports concerning salaries, wages, and benefits.

Management Information Systems ("MIS")

Management Information Systems ("MIS") Department provides technology-related services, mostly computer hardware and software services, to other departments of the city.

**Staffing**

Staffing of the finance department in 2004 consisted of the city comptroller, a deputy city comptroller, two accountants, a junior accountant, and two senior account clerks. One coordinator of computer services and one junior network specialist staff the MIS department. All of these positions are full-time positions.

**The Year in Review**

Significant changes in staffing posed a challenge to Finance in 2004. A City of Rye firefighter who would have been excised due to overstaffing of the Fire Department was hired as a junior accountant in Finance effective January 1, 2004, with the full understanding that he would return to the Fire Department upon the retirement of another firefighter. In fact, he did return to the Fire Department effective January 10, 2005. Another major change was the departure of the Deputy Comptroller in August 2004 for the position of chief financial officer with another municipality. We were able to fill that position with a very qualified individual in October 2004. Tremendous credit must go to the Finance staff for working through these changes with little or no disruption in services.

GASB 44 Implementation

The Governmental Accounting Standards Board ("GASB") is the standard-setting body for state and local governments. In May 2004 the GASB issued Statement No. 44 *Economic Condition Reporting: The Statistical Section*, which mandated changes to the statistical section of the comprehensive annual financial report ("CAFR"). The City implemented this statement with the issuance of it fiscal 2003 CAFR, three years earlier than the required implementation date. It should also be noted that the implementation included retroactive reporting, which was encouraged, but not required, by the GASB.

2003 CAFR Award

The City was awarded the Government Finance Officers Association (GFOA) *Certificate for Excellence in Financial Reporting* for our fiscal 2003 CAFR, making it the eighth consecutive year since 1996 that we have received this award. This prestigious award is presented to those state and local governments that produce annual financial reports exhibiting full and fair disclosure by meeting strict national specifications established by the GFOA.

2004 Budget Award

The City was awarded the GFOA *Distinguished Budget Presentation Award* for our fiscal 2004 Annual Budget Document, making it the third consecutive year since 2002 that we have received this award. This award represents a significant achievement by the City, reflecting our commitment to meeting the highest principles of governmental budgeting. In order to receive the award we had to meet nationally recognized guidelines for effective budget presentation, designed to assess how well our annual budget document served as a policy document, a financial plan, an operations guide, and a communications device.

2003 Popular Annual Financial Report

In fiscal 2004 the City published its first Popular Annual Financial Report ("PAFR") for fiscal year ended December 31, 2003. The PAFR is a report that makes financial data more accessible to those who need less detailed information than what is traditionally found in a CAFR. The City submitted its 2003 PAFR to the GFOA for consideration in its PAFR award program, and is awaiting the results of that submission.

Parking Violations Bureau Enhancements

In fiscal 2004 we enhanced our Parking Violations Bureau customer service capabilities by expanding the number of user terminals available to Finance Department staff and Police Department staff. We also implemented the use of handheld computerized parking violation devices for use by parking enforcement officers and police officers. A significant and successful effort was made to collect severely overdue fines incurred by those with three or more unpaid violations, commonly known as "scofflaws".

Records Management

Staff shortages and changes prevented us from completing our usually aggressive efforts to microfilms some 30 to 40 cubic feet of finance records, preserving the integrity of those records and minimizing efforts required to locate and reproduce them as needed. New York State requires that most of these records be retained for at least six years, and many of them (such as payroll and property tax records) must be retained permanently. While we did not microfilm any records in fiscal 2004, we did prepare approximately 25 cubic feet of 2003 records for microfilming, and reviewed microfilmed records against the original paper records of prior years so that the original paper records could be destroyed.

Positive Pay

In fiscal 2004 we initiated positive pay for all of our accounts payable checks. Positive pay is an anti-fraud control where an electronic file containing check number, check date, check amount, and payee name is transmitted to the bank when checks are issued. When a check is presented to the bank for payment, any discrepancy between the information sent electronically and the check being presented alerts the bank to contact us before clearing the check. Positive pay is perhaps the strongest level of anti-fraud security currently available, and we are currently exploring the emerging technology of "seal encoding", where all of the information noted above is encrypted in

a seal imprinted on the check itself. It should also be noted that our special check stock that contains several anti-fraud features.

Electronic Budget Process

The fiscal 2005 budget was prepared in fiscal 2004 almost entirely electronically. Departments were given special training in the use of the budget preparation system and entered their 2004 estimates, 2005 requests, and notes specific to line items to itemize or emphasize the need for the requested amount. The electronic process required less work and eliminated a great amount of confusion that was created in the previous year's paper-based budget process, thus allowing departments, the finance office, and the city manager to focus on major budget issues rather than reconciling information contained on several documents.

**Statistics**

Following are some selected statistics concerning regular activities of the finance department:

| Number of: | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| Cash Receipts Processed | 9,342 | 9,682 | 9,849 | 11,602 | 13,621 |
| Purchase Orders Processed | 574 | 599 | 662 | 594 | 548 |
| Accounts Payable Processed | 8,646 | 9,602 | 9,511 | 8,942 | 8,622 |
| Checks Processed | 5,057 | 4,963 | 5,002 | 5,652 | 4,702 |
| City Tax Bills | 4,830 | 4,687 | 4,697 | 4,699 | 4,697 |
| County Tax Bills | 4,830 | 4,814 | 4,843 | 4,822 | 4,848 |
| School Tax Bills | 844 | 830 | 832 | 834 | 804 |
| Regular Payrolls | 26 | 26 | 26 | 27 | 27 |
| Local Pension Payrolls | 24 | 24 | 24 | 24 | 24 |
| Special Payrolls | 2 | 1 | 3 | 1 | 1 |

Respectfully submitted,

Michael A. Genito
Assistant City Manager
City Comptroller